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# China CITIC Bank London Branch

## Credit Committee Terms of Reference



**中信銀行**  
CHINA CITIC BANK

伦敦分行  
LONDON BRANCH

**Document History**

Owner	Chief Risk Officer	Status	Draft
Version	2.1	Date	October 2020
Approved by	ARCo		
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Version	Author	Approval	Date	Key Changes
1.0	Branch Preparatory Team	ManCo	24/10/18	Formal approval of the draft version submitted to the PRA on 29 June 2018; no change was made.
2.1	Grant Lowe	ARCO		No changes

## Introduction

This document sets out the Terms of Reference (“ToR”) for the Credit Committee (“CCo”) for China CITIC Bank London Branch (“CNCBLB” and / or “the Branch”).

## Objectives

The objectives of this document are to:

- Define the authority of the CCo;
- Outline the roles and responsibilities of the CCo; and
- Outline the structure and governance in respect of the operation of the CCo.

Committee members are required to familiarise themselves with this document and make reference to it as a comprehensive guide to the CCo’s function and authority.

## Ownership

The ‘chain’ of ownership and oversight of this ToR is organised as follows:

<b>Document Owner</b>	The Chief Risk Officer is responsible for the maintenance of this ToR and for reviewing its adequacy on an annual basis or more frequently as required.
<b>Approval</b>	The Management Committee (“ManCo”) is responsible for the review and challenge of this TOR ahead of approving it for implementation by the CCo.  The ToR must be reviewed and reapproved at least annually or more frequently as required.
<b>Applicability</b>	All members of this committee must perform their role in accordance with regulatory expectations and the specific provisions set out in the ToR.

**Authority**

The CCo derives its delegated authority from the CNCBLB's President, as per the delegated authority from the President of China CITIC Bank, Beijing and as a sub-committee of ManCo; is constituted specifically to support ManCo in its discharge of the senior committee's responsibilities.

**Risk of Non Compliance**

There are several commercial and internal risks that may arise from failure to adhere to the CCo's ToR. These risks centre on decision making and management of inherent and residual risks considered by the committee.

Failure to adhere to this ToR could also lead to business opportunities being lost due to an unnecessarily long decision making process through the Branch, or to inappropriate levels or types of risks being accepted by the branch through insufficient consideration / inadequate risk management / governance arrangements.

Ultimately the Branch must be able to demonstrate adherence to applicable Rules and Regulations in the UK in respect of corporate governance. Adherence to the requirements in this ToR are mandatory both for all members of CCo as well as any others affected directly or indirectly through interaction with the Branch's Governance framework of which this ToR is a component part.

**Roles and Responsibilities**

The CCo is responsible for ensuring that the Branch operates within the risk appetite / limits imposed by Head Office ("HO") as part of its Delegation of Authority ("DOA"). It is also responsible for reviewing potential transactions with respect to commercial considerations and will be responsible for assessing and reviewing credit applications with respect to risk.

The key responsibilities of the CCo include but are not limited to:

- Assess periodically the effectiveness of Credit Risk Management arrangements through the monitoring of the credit risks arising in the Branch across the Financial Markets and the Business Development departments.
- Assess and approve all credit applications that are within the approved Risk Appetite Statement and Delegated Authority for loans/facilities as stated in the Credit Approval and Credit Risk Management policy;
- Arrange for submission to HO Credit Committee those credit applications which are within the approved Risk Appetite Statement but outside the DOA for further consideration and/or approval;
- Review and recommend actions to ManCo of any transactions outside of the approved Risk Appetite Statement;
- Make recommendations to the ARCo and the Branch President on Credit policy and strategy, where appropriate;
- Act as escalation point for Risk Department and the business with regards to all credit events (such as deterioration of credit, credit losses or write-offs);
- Assess periodic reviews of credit documentation;
- Review and escalate, where appropriate, breaches of credit limits and escalate to ManCo accordingly; and
- Review proposed Loan Loss Provisions and recommend actions to the ManCo.

### **Key responsibilities for CCo members**

All matters considered by the committee must be discussed and challenged openly and constructively on the basis of active and informed participation by Committee members.

The chairman will conclude and confirm the resulting decisions in respect of each item considered by the committee.

Notwithstanding the collective responsibility of the ManCo, individual members who undertake Senior Management Functions ("SMF") under the Senior Management and Certification Regime ("SMCR") may be allocated specific additional prescribed responsibilities, as detailed in the Branch's Management Responsibilities Map ("MRM") and the individual Senior Manager's Statement of Responsibilities.

SMFs are personally accountable for the effective performance of any allocated prescribed responsibilities in the first instance and are required to act in accordance with the Conduct Rules, as set out in the FCA Handbook ("COCON").

### **Meeting Frequency**

All members of the CCo are expected to meet at least monthly or more frequently as required. Any member of the Committee may call for an extraordinary meeting with the prior approval of the chairman of the committee.

Ahead of each meeting, members of the committee shall receive an information pack containing the agenda and relevant papers to facilitate discussions no less than two working days before the meeting is due to take place unless the committee is meeting on an ad-hoc basis to deal with a specific matter in which case as much time as possible should be given to committee members to prepare. This is to allow sufficient time for committee members to review the documentation.

## **Committee Composition**

The committee is composed of:

- CRO (Chairman);
- President;
- Vice President
- Head of Finance and Accounting; and
- Chief Compliance officer.

All members of the committee have the right to vote

## **Quorum**

A minimum of three members must be present for each committee meeting, one member must be the Chairman or acting chairman.

The absence of the chairman should be kept to an absolute minimum but in such cases, the Vice President will act as Chairman.

## **Decision Making**

A majority vote is required for decisions, with the chairman's decision being final when there is an evenly split vote. In the case of meeting not attended by the chairman the acting chairman will have the deciding vote.

Members are authorised to approve / reject resolutions put to the CCo, provided they act in accordance with these Terms of Reference and the authority delegated to it by the President.

**Meeting Minutes**

All meeting will be formally minuted with minutes from the last meeting approved at the beginning of the next meeting. The minutes as a minimum must capture key discussions, actions agreed and any decision made.

Furthermore, the minutes will capture the names of those in attendance and absent. Draft minutes will be approved by the chairman before circulating to committee members within three days of the meeting taking place.

As determined by the members, physical meetings may not always be held and decisions may alternatively be formulated and circulated by email. Relevant email chains must be retained and attached to the minutes as evidence of decisions made.

**Conflicts of Interest**

Where a member or attendee's ability to act in accordance with these ToRs is jeopardised by a conflict of interest, whether actual or perceived, that member or attendee must act in accordance with the Bank's Conflict of Interest Policy.

In the context of the business of this committee the existence of such conflicts is expected to be declared at the start of any given meeting potentially affected with the member required to exclude themselves from any decision making